

## **REVISED FISCAL NOTE**

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE April 6, 1995

SUBJECT: **REVISED SB 1656 - HB 1567**

On February 27, we issued a fiscal note on this bill which indicated that:

The fiscal impact from enactment of this bill is estimated to be a decrease in first year state revenues of approximately \$375,000 and a decrease in first year local government revenues of \$125,000 by expanding the definition of *structural metal fabricators* and providing that such fabricators are exempt from the sales and use tax.

Enactment of this bill is also estimated to result in one-time state expenditures of approximately \$2,000,000, since the bill is retroactive to July 1, 1987. An audit conducted by the Department of Revenue indicates that almost \$2,000,000 in sales tax collections over a four year period was assessed and would require a refund under the provisions of this bill.

The impact was based on information provided by the Department of Revenue on February 23. Information received from the Department on April 4, indicates the following:

A business has been purchasing equipment tax free under an industrial machinery exemption. An audit has revealed that the business was not qualified to hold the exemption. Presently, this audit is in review status and has not yet been paid. The anticipated assessment is \$2,000,000 over a four year period.

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Therefore, since the Department of Revenue has not currently received such sales tax collections but do anticipate such collections, the fiscal impact of this bill is estimated as follows:

1. The State will forgo revenue collections of \$375,000 annually.
2. Local governments will forgo revenue collections of \$125,000 annually.
3. The State will forgo one-time revenue collections of \$2,000,000 from the assessment of an audit which is currently in review status.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director